



## STATE COURT ADMINISTRATOR

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### M E M O R A N D U M

**To:** All Judicial Branch Personnel  
**From:** David K. Boyd  
**Date:** June 1, 2016  
**Re:** FY 17 Judicial Branch Operating Budget

The supreme court has approved the judicial branch operating budget for the FY 2017 fiscal year, which begins July 1st. As previously communicated to you, the judicial branch must deal with a significant budget shortfall in FY 17. I write to share with you the significant details behind the budget for the new fiscal year.

#### **Background**

For FY 17 the judicial branch received an appropriation of \$178.7 million, equal to our appropriation in FY 16 but over \$5 million short of the amount needed to fully fund judicial branch operations at our current level of service. In addition, there is an anticipated reduction of \$300,000 in federal funding for IV-D child support work performed by clerk of court offices due to efficiencies produced by the full implementation of EDMS. The total budget deficit for FY 17 is \$5.4 million, or approximately 3% of our current operating budget.

The primary reason for our overall shortfall is the failure of the legislature to appropriate funds to cover salary and benefit increases for state employees. The increased cost to the judicial branch in FY 17 is \$5.1 million for salary annualization from FY 16, plus across-the-board and step increases for contract covered and noncontract covered employees in FY 17, along with anticipated increases in the cost of health insurance in December of this year.

Judges and magistrates, whose salaries are set by the legislature subject to approval by the governor, unfortunately will not receive a pay increase in FY 17.

### **Balancing the Budget**

As I mentioned in a previous email, all options to help balance the budget would be considered including, but not limited to, layoffs, furloughs, reduction in hours, and/or reduction or elimination of specialty courts and other new programs that have recently been developed to better meet the critical needs of Iowans.

Before moving into the details of the action taken by the supreme court, I want to thank all of you who took the time and effort to submit constructive suggestions on how we might balance the budget. All of your comments and suggestions were reviewed. Many suggestions would require legislative action that could not happen until next session. These suggestions will be reviewed again later this year when we consider proposals for the 2017 session.

The FY 17 budget approved by the supreme court was based on the following goal and principles.

#### *Overarching Goal*

To provide for the delivery of court services in a way that ensures the continued delivery of accessible, timely, and affordable high-quality justice to all Iowans.

#### *Guiding Principles*

First and foremost, provide adequate resources to support the judicial decision-making process at all levels of the court system and to support core administrative functions.

Recognize the importance of judicial resources, including:

- Court reporters
- Judicial specialists
- Law clerks
- Judicial education

Maintain the six priorities previously established by the court:

- Protect Iowa's children
- Provide full-time access to justice
- Operate an efficient full-service court system
- Provide faster and less costly resolution of legal disputes
- Operate in an open and transparent way
- Provide fair and impartial justice for all

Treat contract covered and noncontract covered employees the same regarding salary and benefit adjustments.

Maintain consistency in resources, services, service delivery and access among judicial districts.

Employ budget reduction solutions that are sustainable over the long run.

Continue to consolidate, standardize and streamline administrative activities and policies to improve efficiency and contain costs.

Use workload measures and other objective criteria as benchmarks to reallocate resources as necessary.

Continue to deploy technology as much as possible to provide public access to courts, court proceedings and court services; and to streamline court procedures and administrative operations.

Communicate with and solicit feedback from key internal and external stakeholder groups.

While multiple plans that would accomplish the task of balancing the FY 17 budget were considered, the court has approved a budget for FY 17 that can best be described as a “hard hiring freeze with very limited exceptions” plan that is in the best interest of the judicial branch at this time.

### **FY 17: Hard Freeze with Very Limited Exceptions**

The key to this proposal is the use of vacant positions. We currently carry approximately 70 staff vacancies throughout the entire judicial branch. These vacancies represent approximately \$3.4 million of our current budget. Not every vacant position can be left unfilled. However, by holding many of these positions open for the entire fiscal year, and by holding other positions that become vacant during the fiscal year, our goal is to achieve a combined vacancy factor savings in staff positions of \$3.2 million.

Additionally, judgeships that become vacant during the fiscal year will be held open on average for six months. Judicial vacancies are anticipated to provide an additional \$834,000, giving us a combined vacancy factor savings of \$4.0 million in FY 17.

The remaining \$1.4 million necessary to balance the FY 17 budget will come from reductions to non-personnel line items. Specifically, the non-personnel reductions outlined below apply to all components of the judicial branch in FY 17.

We typically spend approximately \$1.8 million a year on in-state travel, most of which is used for judges, court reporters, and juvenile court officers to provide court services to Iowans in all counties on a regular basis. We will reduce our travel expenses by 10%, which may result in fewer court service days in some counties, fewer judges rotating through some counties, and juvenile court officers meeting face to face with clients less often.

Office supplies and postage will be reduced by 20% for all components in the judicial branch. Telephone service will be reduced by 10%. Our furniture and non-IT equipment line item has been reduced by 50%.

Our education and training program will be reduced by 10%. While no component of the judicial branch is immune from cuts, we cannot afford to allow education and training for both judicial officers and court staff to stagnate. As our work and responsibilities grow and become more complex and as we continue to operate at lower staffing levels, training and education for all employees is more critical than ever. Judges and employees are our most valuable assets so we must ensure that you all have the information, skills, and knowledge required to stay up-to-date with the continuously changing demands placed upon you. In spite of this reduction, we will continue to move forward with our education and training program while at the time reducing those expenditures by 10%.

Unfortunately, these personnel and non-personnel reductions will have a negative impact not only on those of us in the judicial branch but also the citizens we serve on a daily basis. Holding staff positions and judgeships vacant doesn't stop the work from coming in the courthouse doors. Rather, it merely adds to the workload of other judges and staff. More importantly, Iowans will experience reduced services in many areas of the state. And, juvenile court officers potentially will have less contact with the juveniles most in need of their supervision.

## **Summary**

In summary, the hard freeze plan accomplishes several important goals. First, to balance the budget with layoffs would mean these positions would be removed from our table of organization, making it very difficult to ever get them back if needed. If we simply hold them vacant, then they remain on our table of organization for future use when funds become available.

Second, consistent with many others with whom we have consulted over the past month, I too believe we will face similar issues in FY 18. I'm not predicting that state revenues will necessarily be down. Rather, I believe the uncertainties will be much the same as this year. The state has sufficient resources to fully fund the judicial branch of government. It is simply a matter of making court services a top legislative priority, but I'm afraid the legislature has chosen to spend available state dollars in other areas. Using the hard

freeze approach in FY 17 will leave the supreme court with the necessary flexibility that may very well be needed dealing with FY 18 before, during and after the 2017 legislative session.

Third, it will provide the necessary time to complete a review of all aspects of judicial branch operations, including juvenile court services. This process will begin this summer when the National Center for State Courts will be assisting us to update our weighted workload analysis for both judges and magistrates as well as support staff (clerk's offices). The work will be completed around the end of the calendar year and will help guide future budget decisions.

Other highlights of this plan include, but are not limited to, the follow:

- Maintains the court's six priorities previously established for the judicial branch.
- Treats contract and noncontract employees the same for purposes of salary and benefit increases.
- Requires sacrifice throughout the branch as we continue with our "float the boat together" mentality.
- Maintains most of education and training program.
- Requires that we monitor travel more closely. It may require suspension of Court Rules 22.6 and 22.8 to meet the proposed reduction.
- Freezes the expansion of specialty courts, effective July 1, 2016.
- Maintains current specialty courts and, effective immediately, requires approval from the supreme court to suspend operations of any existing specialty court.

The plan is consistent with input received from the judicial council as well as other stakeholder groups from whom we sought counsel.

These are difficult times that require difficult decisions. Unfortunately, the grim reality is that I cannot guarantee you that we will not need to make a midcourse correction as we move through the year. This budget is a bit of a gamble. For example, we may not experience the vacant positions necessary to meet our goal. Increases to our health insurance cost might exceed our built-in expectations. There may need to be more cuts necessary in FY 17, if not yet again in FY 18. But I'm confident that pulling together we will—once again—get through this crisis. In the meantime, if you have any questions about the FY 17 judicial branch budget, please feel free to drop me a note. My email inbox is always open.

I close as I have on many other occasions, but it bears repeating, with a heartfelt "thank you" for your continuing efforts to deliver high quality court services in spite of the challenges we face. Your perseverance and unwavering dedication to public service continue to be a real inspiration to me and to the members of the supreme court.